



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of

No. D06-160

TRANSGUARD INSURANCE  
COMPANY OF AMERICA, INC.

## CONSENT ORDER IMPOSING A FINE

Findings of Fact:

1. TransGuard Insurance Company of America, Incorporated ("TransGuard") is authorized to conduct insurance business in Washington State. It issues property, marine transportation, vehicle, surety and casualty insurance.
2. Revised Code of Washington § 48.05.250 requires every insurer to file an annual statement for the previous calendar year with the Office of the Insurance Commissioner ("OIC") by February 28 of the following year. RCW 48.05.073 requires that financial statements conform to the procedures manuals as adopted by the national association of insurance commissioners ("NAIC").
3. The April Supplemental filing is a required annual statement supplement per the *National Association of Insurance Commissioners' Quarterly and Annual Statement Filing Instructions*. The Washington Office of the Insurance Commissioner also posts Annual Statement Filing Instructions on its website that indicate that this filing is due by April 1 of the following calendar year. WAC 284-07-050 requires adherence to these filing instructions.
4. WAC 284-07-120 requires that insurers submit to the OIC an annual audited financial statement for the previous calendar year on or before June 1 of the following year. WAC 284-07-200 requires that the accountant performing the audited financial statement include a letter of qualification as part of the company's audited financial statement.
5. TransGuard filed its calendar year 2004 Annual Statement with the OIC on August 23, 2005.
6. TransGuard submitted a partial April supplemental filing for calendar year 2004, without the required Management's Discussion and Analysis, to the OIC on September 21, 2005.
7. TransGuard submitted a partial 2004 Audited Financial Statement, without the required Certified Public Accountant qualifications letter, to the OIC on November 17, 2005.

Conclusions of Law:

1. TransGuard's failure to timely file its calendar year 2004 Annual Statement, a complete 2004 April Supplemental filing, and a complete 2004 Audited Financial Statement with the OIC constitutes one violation of RCW 48.05.250(1), one violation of WAC 284-07-050, and one violation of WAC 284-07-120, respectively.

2. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority.

Consent to Order:

TransGuard consents to the following, in order to resolve this matter without further legal or administrative proceedings. The Insurance Commissioner consents to resolve this matter in consideration of the insurer's payment of a fine as set forth below.

1. TransGuard consents to the entry of the foregoing Findings of Fact and Conclusions of Law, and acknowledges its duty to comply fully with all applicable laws and regulations of the State of Washington. It waives further administrative or legal challenge to the actions taken, or to be taken, by the Insurance Commissioner, related to the subject matter of this Order.

2. Within thirty days of the entry of this Order, TransGuard will pay to the Insurance Commissioner a fine in the amount of \$30,000 (thirty thousand dollars).

3. Failure to pay the fine in full within thirty days of the entry of this order will constitute grounds for revocation of the certificate of authority held by TransGuard in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this 17<sup>th</sup> day of May, 2006.

TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

By: Lawrence A. Witt

Printed Name: Lawrence A. Witt

Printed Corporate Title: Senior Vice President

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner orders as follows:

Order:

1. TransGuard Insurance Company of America, Inc. is ordered to pay, within thirty days of the entry of this order, a fine in the amount of \$30,000 (thirty thousand dollars).
2. Failure to pay the fine timely and in full will constitute grounds for revocation of the certificate of authority held by the insurer in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this 23<sup>rd</sup> day of May, 2006

MIKE KREIDLER  
Insurance Commissioner

By: Marcia G. Stickler  
**Marcia G. Stickler**  
Legal Affairs Division